

14. Stock-Based Compensation

During 2000, 1999, and 1998, we granted stock options under various stock option plans. We account for these plans using Accounting Principles Board Opinion No. 25 and its related Interpretations. In 1995, the Financial Accounting Standards Board issued SFAS No. 123, *Accounting for Stock-Based Compensation* which, if fully adopted, changes the methods companies use in determining expense related to their stock option plans. Adoption of the expense recognition provisions of SFAS No. 123 was optional and we elected not to apply its provisions. However, we are required to present the following pro forma disclosures as if we had adopted SFAS No. 123.

Under our existing stock option plans, we are authorized to issue shares of common stock to employees and non-employee directors pursuant to awards granted as incentive stock options (intended to qualify under Section 422 of the Internal Revenue Code), non-qualified stock options, restricted stock, stock appreciation rights (SARs), phantom stock options, and performance units. We have reserved approximately 53 million shares of common stock for issuance pursuant to existing and future stock awards. As of December 31, 2000, approximately 27 million shares remained unissued.

Non-qualified Stock Options

We granted non-qualified stock options to our employees in 2000, 1999, and 1998. These stock options have contractual terms of 10 years and generally vest after completion of one to five years of continuous employment from the grant date. We also granted options to non-employee members of the Board of Directors at fair market value on the grant date that are exercisable immediately. Under the terms of certain plans, we may grant SARs to certain holders of stock options. SARs are subject to the same terms and conditions as the related stock options. As of December 31, 2000, we have no SARs outstanding.

A summary of the status of our stock options as of December 31, 2000, 1999, and 1998 is presented below:

	Stock Options					
	2000		1999		1998	
	# Shares of Underlying Options	Weighted Average Exercise Prices	# Shares of Underlying Options	Weighted Average Exercise Prices	# Shares of Underlying Options	Weighted Average Exercise Prices
Outstanding at beginning of the year ..	22,511,704	\$32.80	15,331,658	\$25.46	13,198,433	\$22.86
Granted	1,065,110	\$41.35	9,639,750	\$41.02	3,651,550	\$32.34
Exercised	3,648,752	\$25.99	2,092,953	\$18.26	1,262,775	\$17.77
Forfeited	263,911	\$38.44	366,751	\$31.15	255,550	\$27.99
Outstanding at end of year	<u>19,664,151</u>	<u>\$34.43</u>	<u>22,511,704</u>	<u>\$32.80</u>	<u>15,331,658</u>	<u>\$25.46</u>
Exercisable at end of year	<u>12,431,102</u>	<u>\$30.51</u>	<u>12,996,454</u>	<u>\$26.71</u>	<u>8,486,647</u>	<u>\$22.35</u>

The fair value of each stock option granted is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions:

Assumption:	2000	1999	1998
Expected Term in Years	7	7	5
Expected Volatility	23.9%	21.9%	20.3%
Expected Dividends	3.0%	3.0%	3.0%
Risk-Free Interest Rate	5.0%	6.3%	4.6%

The Black-Scholes weighted average fair value of options granted during 2000, 1999 and 1998 was \$10.16, \$11.42, and \$7.00, respectively.

Options outstanding as of December 31, 2000 are summarized below:

Range of Exercise Prices	Options Outstanding			Options Exercisable	
	Number Outstanding at 12/31/00	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable at 12/31/00	Weighted Average Exercise Price
\$ 7.15 to \$21.40	3,468,451	3.6	\$15.93	3,468,451	\$15.93
\$21.41 to \$35.70	5,119,933	6.2	\$30.32	4,644,633	\$29.90
\$35.71 to \$42.90	9,531,247	8.7	\$41.08	2,980,798	\$41.01
\$42.91 to \$71.50	1,544,520	6.9	\$48.61	1,337,220	\$47.02
\$ 7.15 to \$71.50	19,664,151	7.0	\$34.43	12,431,102	\$30.51

Pro Forma Net Income and Net Income Per Common Share

Had the compensation expense for our stock-based compensation plans been determined applying the provisions of SFAS No. 123, our net income and net income per common share for 2000, 1999, and 1998 would approximate the pro forma amounts below:

	December 31, 2000		December 31, 1999		December 31, 1998	
	As Reported	Pro Forma	As Reported	Pro Forma	As Reported	Pro Forma
SFAS No. 123 charge, pretax	\$ —	\$ 95	\$ —	\$ 160	\$ —	\$ 63
APB No. 25 charge, pretax	\$ 38	\$ —	\$ 145	\$ —	\$ 51	\$ —
Net income (loss)	\$ 652	\$ 614	\$ (255)	\$ (267)	\$ (306)	\$ (313)
Basic earnings (loss) per common share	\$2.83	\$2.66	\$(1.12)	\$(1.17)	\$(1.35)	\$(1.39)
Diluted earnings (loss) per common share	\$2.73	\$2.57	\$(1.12)	\$(1.17)	\$(1.35)	\$(1.39)

The effects of applying SFAS No. 123 in this pro forma disclosure are not indicative of future amounts. SFAS No. 123 does not apply to awards granted prior to the 1995 fiscal year.

Restricted Stock

Under our various stock-based compensation plans, a limited number of shares of restricted common stock may be granted at no cost to certain key officers and employees. These shares carry voting and dividend rights; however, sale or transfer of the shares is restricted. These restricted stock awards vest over a specific period of time and/or if we achieve certain performance targets. Restricted stock awards representing 0.4 million, 1.4 million, and 0.6 million shares were granted during 2000, 1999, and 1998, respectively, with a weighted average grant date fair value of \$34.82, \$35.10, and \$32.40 per share, respectively. At December 31, 2000, 1.5 million shares of restricted stock were outstanding. The value of these shares is determined based on the fair market value on the date performance targets are achieved, and this value is charged to compensation expense ratably over the required service or restriction period. For 2000, 1999, and 1998, these charges totaled \$13 million, \$69 million, and \$29 million. Included in deferred compensation at December 31, 2000, is \$69 million related to options that will be converted at the holders election into common stock at the end of their vesting period. These options met all performance targets in December 2000.

Performance Units and Phantom Stock Options

We award eligible employees phantom stock options that are payable in cash. We also award eligible employees and officers performance units that are payable in cash or stock at the end of the vesting period. The final value of the performance units may vary according to the plan under which they are granted, but is usually based on our common stock price at the end of the vesting period. The value of the performance units is charged ratably to compensation expense over the vesting period with periodic adjustments to account for the fluctuation in the market price of our stock. Amounts charged to compensation expense in 2000, 1999, and 1998 were \$25 million, \$30 million, and \$13 million. Included in the 1999 amount is \$22 million related to the

accelerated vesting of the performance units due to the change in control resulting from the merger with Sonat. In March 2001, we paid our phantom stock options, resulting in a charge of \$51 million.

Employee Stock Purchase Program

In October 1999, we implemented an employee stock purchase plan under Section 423 of the Internal Revenue Code. The plan allows participating employees the right to purchase common stock on a quarterly basis at 85 percent of the lower of the market price at the beginning of the plan period or at the end of each calendar quarter. Two million shares of common stock are authorized for issuance under this plan. We issued 346,332 shares at \$32.33 per share in 2000, and 139,842 shares at \$33.10 per share in 1999. Funds we receive may be used for general corporate purposes. However, we record a liability for the withholdings not yet applied towards the purchase of common stock. We bear all expenses associated with administering the plan, except for costs, including any applicable taxes, associated with the participants' sale of common stock.

15. Segment Information

Our business activities are segregated into four segments: Pipelines, Merchant Energy, Field Services, and Production. These segments are strategic business units that offer a variety of different energy products and services. We manage each segment separately as each business requires different technology and marketing strategies. During 2000, we combined our International and Merchant Energy segments to reflect the ongoing globalization of Merchant Energy's strategy and its operating activities. All prior periods have been restated to reflect the current year presentation.

Our Pipeline segment provides natural gas transmission services in the U.S. We conduct our activities through five wholly owned and two partially owned interstate systems along with a liquified natural gas terminalling facility and various natural gas storage facilities.

Our Merchant Energy segment is involved in a broad range of activities in the energy marketplace, including asset ownership, trading and risk management and financial services. We buy, sell, and trade natural gas, power, crude oil, refined products, coal and other energy commodities throughout the world, and own or have interests in 64 power generation plants in 16 countries.

Our Field Services segment provides natural gas gathering, storage, products extraction, fractionation, dehydration, purification, compression and intrastate transmission services. Field Services' assets are located in some of the most prolific and active production areas in the U.S., including the San Juan Basin, east and south Texas, Louisiana and the Gulf of Mexico.

Our Production segment is engaged in the exploration for and the acquisition, development, and production of natural gas, oil and natural gas liquids in the major producing basins of the United States. Production has onshore and coal seam operations and properties in 11 states and offshore operations and properties in federal and state waters in the Gulf of Mexico. We also have exploration and production rights in Turkey.

The accounting policies of the individual segments are the same as those described in Note 1. Since earnings on equity investments can be a significant component of earnings in several of our segments, we evaluate segment performance based on earnings before interest and taxes (EBIT) instead of operating income. To the extent practicable, results of operations for the years ended December 31, 1999 and 1998 have been reclassified to conform to the current business segment presentation, although such results are not necessarily indicative of the results which would have been achieved had the revised business segment structure been in effect during that period.

	Segments As of or for the Year Ended December 31, 2000					
	Pipelines	Merchant Energy	Field Services	Production	Other ⁽¹⁾	Total
(In millions)						
Revenue from external customers						
Domestic	\$1,549	\$18,464	\$ 598	\$ 298	\$ 3	\$20,912
Foreign	—	1,038	—	—	—	1,038
Intersegment revenue	148	19	85	224	(476)	—
Merger-related costs and asset impairment charges	—	—	11	—	80	91
Depreciation, depletion, and amortization	244	27	67	212	39	589
Operating income (loss)	754	433	76	196	(128)	1,331
Other income (loss)	68	130	26	—	(5)	219
Earnings (loss) before interest and taxes	822	563	102	196	(133)	1,550
Extraordinary items, net of income taxes	89	—	(19)	—	—	70
Assets						
Domestic	8,833	9,758	3,241	1,819	1,862	25,513
Foreign	—	1,932	—	—	—	1,932
Capital expenditures and investments in unconsolidated affiliates	493	941	439	484	1,059	3,416
Total investments in unconsolidated affiliates	510	1,910	374	7	57	2,858

⁽¹⁾ Includes Corporate and eliminations as well as telecommunications which has not had significant activity.

	Segments As of or for the Year Ended December 31, 1999					
	Pipelines	Merchant Energy	Field Services	Production	Other ⁽¹⁾	Total
(In millions)						
Revenue from external customers						
Domestic	\$1,720	\$7,893	\$ 388	\$ 108	\$ 9	\$10,118
Foreign	—	591	—	—	—	591
Intersegment revenue	51	36	78	365	(530)	—
Merger-related costs and asset impairment charges	90	67	8	31	361	557
Ceiling test charges	—	—	—	352	—	352
Depreciation, depletion, and amortization	275	47	60	210	16	608
Operating income (loss)	668	(91)	38	(258)	(390)	(33)
Other income	51	94	47	1	31	224
Earnings (loss) before interest and taxes	719	3	85	(257)	(359)	191
Assets						
Domestic	8,919	2,103	1,457	1,393	1,459	15,331
Foreign	—	1,336	—	—	—	1,336
Capital expenditures and investments in unconsolidated affiliates	455	1,239	121	365	30	2,210
Total investments in unconsolidated affiliates	618	1,274	266	6	13	2,177

⁽¹⁾ Includes Corporate and eliminations.

	Segments As of or for the Year Ended December 31, 1998					
	Pipelines	Merchant Energy	Field Services	Production	Other ⁽¹⁾	Total
	(In millions)					
Revenue from external customers						
Domestic	\$1,608	\$7,181	\$ 212	\$ 174	4	\$ 9,179
Foreign	—	381	—	—	—	381
Intersegment revenue	88	22	65	361	(536)	—
Merger-related costs and asset impairment charges	—	—	—	15	—	15
Ceiling test charges	—	—	—	1,035	—	1,035
Depreciation, depletion, and amortization	255	17	49	292	11	624
Operating income (loss)	752	(37)	62	(939)	(73)	(235)
Other income	59	65	14	3	42	183
Earnings (loss) before interest and taxes	811	28	76	(936)	(31)	(52)
Assets						
Domestic	8,659	1,564	1,461	1,544	573	13,801
Foreign	—	654	—	—	—	654
Capital expenditures and investments in unconsolidated affiliates	401	582	453	581	22	2,039
Total investments in unconsolidated affiliates	517	480	87	6	14	1,104

⁽¹⁾ Includes Corporate and eliminations.

The reconciliations of EBIT to income (loss) before extraordinary items and the cumulative effect of accounting change are presented below.

	For the Year Ended December 31,		
	2000	1999	1998
	(In millions)		
Total EBIT for segments	\$1,550	\$ 191	\$ (52)
Interest and debt expense	538	453	387
Minority interest	144	61	37
Income tax expense (benefit)	286	(81)	(170)
Income (loss) before extraordinary items and cumulative effect of accounting change	<u>\$ 582</u>	<u>\$ (242)</u>	<u>\$ (306)</u>

Prior to the current year, we had no customers whose revenues exceeded 10 percent of our total revenues. In 2000, Merchant Energy had revenues of \$2.1 billion from subsidiaries of Enron Corp. We did not have revenues in excess of 10 percent with any other customer in 2000.

16. Supplemental Cash Flow Information

The following table contains supplemental cash flow information for the years ended December 31:

	2000	1999	1998
	(In millions)		
Interest paid	\$591	\$421	\$386
Income tax payments (refunds)	29	9	(86)

See Notes 2 and 17, for a discussion of the non-cash investing transactions related to our acquisitions.

17. Investments in and Advances to Unconsolidated Affiliates (Unaudited)

We hold investments in various unconsolidated affiliates which are accounted for using the equity method of accounting. Our principal equity method investees are international pipelines, interstate pipelines, power generation plants, and gathering systems. Our investment balance includes unamortized purchase price differences of \$415 million and \$105 million as of December 31, 2000 and 1999, that are being amortized over the remaining life of the unconsolidated affiliate's underlying assets. Our investments in and advances to our unconsolidated affiliates are as follows:

	Net Ownership Interest December 31, 2000	Year Ended December 31, 2000 1999	
		(In millions)	
Bolivia to Brazil Pipeline	8%	\$ 53	\$ 45
CAPSA/CAPEX	45%	282	145
CE Generation	50%	354	334
Chaparral	20%	268	373
Citrus Corporation	50%	474	422
East Asia Power	46%	118	144
Energy Partners	30%	368	280
Korea Independent Energy Corporation	50%	108	—
Photon Investors	42%	136	—
Porto Velho	50%	99	—
Samalayuca Power	40%	93	130
Other	various	562	564
		<u>\$2,915</u>	<u>\$2,437</u>

Our equity earnings (losses) from our unconsolidated affiliates are as follows:

	2000	1999	1998
	(In millions)		
Bolivia to Brazil Pipeline	\$ —	\$ 4	\$ —
CAPSA/CAPEX	4	3	—
CE Generation	35	24	—
Chaparral	(5)	(8)	—
Citrus Corporation	51	25	24
East Asia Power	(32)	—	—
Energy Partners	20	18	1
Porto Velho	1	—	—
Samalayuca Power	17	17	11
Other	36	12	37
	<u>\$127</u>	<u>\$ 95</u>	<u>\$ 73</u>

Summarized financial information of our proportionate share of our unconsolidated affiliates is as follows:

	Year Ended December 31,		
	2000	1999	1998
	(In millions)		
Operating results data:			
Revenues and other income	\$1,118	\$930	\$579
Costs and expenses	952	814	492
Income from continuing operations	166	116	87
Net income	127	95	73

	December 31,	
	2000	1999
	(In millions)	
Financial position data:		
Current assets	\$1,064	\$ 589
Non-current assets	7,812	5,197
Short-term debt	311	249
Other current liabilities	635	321
Long-term debt	2,676	2,505
Other non-current liabilities	2,922	608
Minority interest	36	9
Equity in net assets	2,296	2,094

The following table shows revenues and charges from our unconsolidated affiliates:

	2000	1999	1998
	(In millions)		
Natural gas sales	\$104	—	—
Power purchases	43	—	—
Management fee income	81	20	—
Reimbursement for costs	44	17	4
Interest income	10	5	—
Interest expense	49	2	—

Chaparral Investors

During 1999, we contributed approximately \$120 million of equity capital and assets to a newly formed limited liability company, Chaparral. A third-party financial investor contributed approximately \$123 million on which they earn a preferred return. In connection with this transaction, Chaparral formed a wholly owned subsidiary, Mesquite. Merchant Energy manages both Chaparral and Mesquite. In January 2000, we acquired an additional interest in Chaparral in exchange for a \$160 million contingent interest promissory note. The maturity date of the note is the earlier of December 2019, or upon the occurrence of events specified in the note. The note carries a variable interest rate not to exceed 12.75 percent. At December 31, 1999, we had a note payable of \$121 million to Chaparral which was payable upon demand and carried a variable interest rate which was 6.4%. This note was repaid in 2000. We also had a note receivable from Mesquite which had a balance of \$262 million at December 31, 1999. This note was payable on demand and had a variable rate which was 8.3%. This note was repaid by Mesquite in 2000. During 2000, we issued a note payable to Mesquite. The note is payable on demand and had a balance of \$241 million at a rate of 7.3% as of December 31, 2000.

During the first quarter of 2000, Chaparral completed its acquisitions of several domestic non-utility generation assets including equity interests in eleven natural gas-fired combined generation facilities in California, two natural gas-fired electric generation plants located in Dartmouth, Massachusetts and Pawtucket, Rhode Island, and all the outstanding shares of Bonneville Pacific Corporation, which owns a 50 percent interest in a power generation facility. Chaparral also acquired several operating companies which provide the services required to operate and maintain these newly acquired facilities and a natural gas service company which provides fuel procurement services to eight of Chaparral's natural gas-fired combined generation facilities in California. Chaparral acquired these assets from us in exchange for notes payable in the amount of \$385 million. In March 2000, Chaparral's third-party investor increased its overall investment in Chaparral by \$1,027 million. The proceeds were used by Chaparral to repay \$647 million of notes from us, to make a \$278 million contribution to a trust as provided in the Chaparral agreement, to invest in a note with us, and to fund transaction costs. Also, in March 2000, we issued mandatorily convertible preferred stock to a trust we control. Upon the occurrence of certain negative events, the trustee of the trust may be required to remarket this preferred stock on terms that are designed to generate \$1 billion to distribute to the third party investor.

Under our management agreement with Chaparral, we earn a performance based management fee. We are also reimbursed for expenses we incur on behalf of Chaparral. For 2000, our management fee related to Chaparral was \$100 million and this fee included an \$80 million performance-based component and a \$20 million reimbursement for costs we incurred on behalf of Chaparral. This fee was collected and recognized ratably throughout the year as management services were provided.

We also sell natural gas and buy power from qualifying power facilities owned by Chaparral.

Photon Investors

During 2000, we contributed \$44 million of equity capital and assets to a newly formed limited liability company, Photon Investors, L.L.C., which acquires and holds telecommunications assets. A third-party financial investor contributed \$60 million on which they earn a preferred return. In connection with this transaction, Photon formed a wholly owned subsidiary, Quanta Investors, L.L.C. Our subsidiary manages both Photon and Quanta. During 2000, we entered into a credit agreement with Quanta, with a commitment by us to lend up to \$500 million, of which approximately \$94 million was advanced and outstanding at December 31, 2000. These amounts are evidenced by a subordinated promissory note, payable on the earlier of Quanta's liquidation date or any date agreed by the parties to the note. We also have a demand note payable to Quanta with a balance of approximately \$61 million at December 31, 2000. Both the credit agreement and the demand note carry a variable interest rate, which was 9.57% per annum during 2000. Our investment in Photon is being accounted for using the equity method of accounting.

El Paso Energy Partners

During the third quarter of 2000, Energy Partners completed a public offering of 4.6 million common units. The offering reduced our common units ownership interest from 32.5 percent to 27.8 percent. This transaction had no effect on our general partner interest or our non-managing member interest. Also, in the third quarter, we received \$170 million of Series B preference units in exchange for the transfer of natural gas storage businesses of Crystal Gas Storage, Inc., our wholly owned subsidiary, to Energy Partners. These preference units accrue dividends at a rate of 10 percent on a cumulative basis, and are redeemable at the option of Energy Partners.

In the first quarter of 2001, as a result of our merger with Coastal, Energy Partners sold its interest in several offshore assets. These sales consisted of interests in seven natural gas pipeline systems, a dehydration facility and two offshore platforms. Proceeds from these sales were approximately \$135 million and resulted in a loss to the partnership of approximately \$23 million. As consideration for these sales, we committed to pay Energy Partners a series of payments totaling \$29 million. This amount, as well as our proportional share of the losses on the sale of the partnership's assets, will be recorded as a charge in our income statement in the first quarter of 2001.

18. Supplemental Selected Quarterly Financial Information (Unaudited)

Financial information by quarter is summarized below.

	Quarters Ended			
	December 31	September 30	June 30	March 31
	(In millions, except per common share amounts)			
2000				
Operating revenues ⁽¹⁾	\$7,543	\$7,025	\$4,250	\$3,132
Merger-related costs and asset impairment charges	45	—	46	—
Operating income	383	296	320	332
Income before extraordinary items	146	137	134	165
Extraordinary items, net of income taxes	(19)	—	—	89
Net income	127	137	134	254
Basic earnings (loss) per common share				
Income before extraordinary items	\$ 0.63	\$ 0.59	\$ 0.58	\$ 0.72
Extraordinary items, net of income taxes	(0.08)	—	—	0.39
Net income	\$ 0.55	\$ 0.59	\$ 0.58	\$ 1.11
Diluted earnings (loss) per common share				
Income before extraordinary items	\$ 0.61	\$ 0.57	\$ 0.56	\$ 0.70
Extraordinary items, net of income taxes	(0.08)	—	—	0.37
Net income	\$ 0.53	\$ 0.57	\$ 0.56	\$ 1.07
1999				
Operating revenues ⁽¹⁾	\$2,464	\$3,296	\$2,647	\$2,302
Merger-related costs and asset impairment charges	364	58	131	4
Ceiling test charges	—	—	—	352
Operating income (loss)	(141)	144	117	(153)
Income (loss) before cumulative effect of accounting change	(178)	39	38	(141)
Cumulative effect of accounting change, net of income taxes	—	—	—	(13)
Net income (loss)	(178)	39	38	(154)
Basic earnings (loss) per common share				
Income (loss) before cumulative effect of accounting change	\$(0.78)	\$ 0.17	\$ 0.17	\$(0.62)
Cumulative effect of accounting change, net of income taxes	—	—	—	(0.06)
Net income (loss)	\$(0.78)	\$ 0.17	\$ 0.17	\$(0.68)
Diluted earnings (loss) per common share				
Income (loss) before cumulative effect of accounting change	\$(0.78)	\$ 0.17	\$ 0.17	\$(0.62)
Cumulative effect of accounting change, net of income taxes	—	—	—	(0.06)
Net income (loss)	\$(0.78)	\$ 0.17	\$ 0.17	\$(0.68)

⁽¹⁾ In the fourth quarter of 2000, we restated operating revenues for 1999 and 2000 due to the implementation of Emerging Issues Task Force Issue No. 99-19, *Reporting Revenue Gross as a Principal versus Net as an Agent*. For the first, second, and third quarters of 2000, operating revenues increased by \$26 million, \$23 million, and \$38 million. For the first, second, third and fourth quarters of 1999, operating revenues increased by \$23 million, \$50 million, \$34 million and \$21 million. These adjustments had no impact on net income (loss) or earnings per share.

19. Supplemental Natural Gas and Oil Operations (Unaudited)

At December 31, 2000, we had leases for approximately 2.7 million net acres in 11 states, including Louisiana, New Mexico, Texas, Oklahoma, and Arkansas, as well as the Gulf of Mexico. We also have exploration and production rights in Turkey.

Capitalized costs relating to natural gas and oil producing activities and related accumulated depreciation, depletion, and amortization were as follows:

	December 31,	
	2000	1999
	(In millions)	
Natural gas and oil properties:		
Costs subject to amortization	\$5,795	\$5,285
Costs not subject to amortization	135	130
	5,930	5,415
Less accumulated depreciation, depletion, and amortization	4,412	4,154
	<u>\$1,518</u>	<u>\$1,261</u>

Costs incurred in natural gas and oil producing activities, whether capitalized or expensed, were as follows:

	Years Ended December 31,		
	2000	1999	1998
	(In millions)		
Property acquisition costs:			
Proved properties	\$ 74	\$ 3	\$ 2
Unproved properties	41	45	48
Exploration costs	100	139	156
Development costs	269	178	375
Total costs	<u>\$484</u>	<u>\$365</u>	<u>\$581</u>

Presented below is an analysis of the capitalized costs of natural gas and oil properties by year of expenditure that are not being amortized as of December 31, 2000, pending determination of proved reserves. Capitalized interest of \$9 million, \$12 million, and \$2 million for the years ended December 31, 2000, 1999, and 1998 is included in the presentation below.

	Cumulative Balance Dec. 31, 2000	Costs Excluded for Years Ended Dec. 31			Cumulative Balance Dec. 31, 1997
		2000	1999	1998	
	(In millions)				
Acquisition	\$ 80	\$45	\$ 7	\$19	\$9
Exploration	55	28	19	8	—
	<u>\$135</u>	<u>\$73</u>	<u>\$26</u>	<u>\$27</u>	<u>\$9</u>

Projects presently excluded from amortization are in various stages of evaluation. The majority of these costs are expected to be included in the amortization calculation in the years 2001 through 2004. Total amortization expense per Mcfe, including ceiling test charges, was \$0.97, \$2.54, and \$4.81 in 2000, 1999 and 1998. Excluding ceiling test charges, amortization expense would have been \$0.95 and \$1.06 per Mcfe in 1999 and 1998.

Net quantities of proved developed and undeveloped reserves of natural gas and liquids, including condensate and crude oil, and changes in these reserves, were as follows:

	December 31,					
	2000		1999		1998	
	Gas (Bcf)	Liquids (MBbls)	Gas (Bcf)	Liquids (MBbls)	Gas (Bcf)	Liquids (MBbls)
Proved (developed and undeveloped) reserves, net:						
Beginning of year	1,271	30,438	1,423	29,717	2,161	72,882
Revisions of previous estimates	(46)	(814)	(65)	(336)	(349)	(12,816)
Extensions, discoveries, and other additions	437	4,966	188	10,599	119	1,688
Purchases of reserves in place	78	1,043	34	117	6	—
Sales of reserves in place	—	—	(123)	(3,834)	(288)	(23,710)
Production	(188)	(5,138)	(186)	(5,825)	(226)	(8,327)
End of year	<u>1,552</u>	<u>30,495</u>	<u>1,271</u>	<u>30,438</u>	<u>1,423</u>	<u>29,717</u>
Proved developed reserves:						
Beginning of year	<u>967</u>	<u>19,713</u>	<u>1,123</u>	<u>24,743</u>	<u>1,558</u>	<u>45,225</u>
End of year	<u>1,061</u>	<u>18,640</u>	<u>967</u>	<u>19,713</u>	<u>1,123</u>	<u>24,743</u>

There are numerous uncertainties inherent in estimating quantities of proved reserves and in projecting future rates of production and timing of development expenditures, including many factors beyond our control. The reserve data represents only estimates. Reservoir engineering is a subjective process of estimating underground accumulations of natural gas and oil that cannot be measured in an exact manner.

The significant changes to reserves, other than purchases, sales or production, are due to reservoir performance in existing fields and from drilling additional wells in existing fields. There have been no major discoveries or other events, favorable or adverse, that may be considered to have caused a significant change in the estimated proved reserves since December 31, 2000.

Results of operations from producing activities by fiscal year were as follows:

	Years Ended December 31,		
	2000	1999	1998
	(In millions)		
Net revenues:			
Sales to external customers	\$ 298	\$ 108	\$ 174
Affiliated sales	<u>224</u>	<u>365</u>	<u>361</u>
Total	522	473	535
Production costs	(74)	(98)	(91)
Depreciation, depletion, and amortization	(212)	(210)	(292)
Ceiling test charges	<u>—</u>	<u>(352)</u>	<u>(1,035)</u>
Results of operations from producing activities before tax	236	(187)	(883)
Income tax (expense) benefit	<u>(77)</u>	<u>71</u>	<u>315</u>
Results of operations from producing activities (excluding corporate overhead and interest costs)	<u>\$ 159</u>	<u>\$(116)</u>	<u>\$ (568)</u>

The standardized measure of discounted future net cash flows relating to proved natural gas and oil reserves follows:

	December 31,		
	2000	1999	1998
	(In millions)		
Future cash inflows	\$16,923	\$ 3,421	\$ 3,124
Future production and development costs	(2,130)	(1,056)	(1,028)
Future income tax expenses	(4,870)	(458)	(317)
Future net cash flows	9,923	1,907	1,779
10% annual discount for estimated timing of cash flows	(3,870)	(656)	(617)
Standardized measure of discounted future net cash flows	<u>\$ 6,053</u>	<u>\$ 1,251</u>	<u>\$ 1,162</u>

For the calculations in the preceding table, estimated future cash inflows from estimated future production of proved reserves were computed using year-end market natural gas and oil prices. We may receive amounts different than the standardized measure of discounted cash flow for a number of reasons, including price changes and the effects of our hedging activities.

The following are the principal sources of change in the standardized measure of discounted future net cash flows:

	Years Ended December 31,		
	2000	1999	1998
	(In millions)		
Sales and transfers of natural gas and oil produced, net of production costs	\$ (448)	\$ (375)	\$ (444)
Net changes in prices and production costs	5,398	297	(394)
Extensions, discoveries and improved recovery, less related costs	2,352	262	72
Changes in estimated future development costs	(422)	9	36
Development costs incurred during the period	180	58	182
Revisions of previous quantity estimates	(283)	(73)	(413)
Accretion of discount	153	127	269
Net change in income taxes	(2,673)	(166)	379
Purchases of reserves in place	443	37	4
Sales of reserves in place	—	(174)	(469)
Changes in production rates (timing) and other	102	87	(259)
	<u>\$ 4,802</u>	<u>\$ 89</u>	<u>\$ (1,037)</u>

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Stockholders of
El Paso Corporation:

In our opinion, the consolidated financial statements listed in the index appearing under Item 14.(a) 1. present fairly, in all material respects, the consolidated financial position of El Paso Corporation as of December 31, 2000 and 1999, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2000, in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the index appearing under Item 14.(a) 2. presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and the financial statement schedule are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements and the financial statement schedule based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain *reasonable assurance about whether the financial statements are free of material misstatement*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

Houston, Texas
March 20, 2001

SCHEDULE II
EL PASO CORPORATION
VALUATION AND QUALIFYING ACCOUNTS
Years Ended December 31, 2000, 1999, and 1998
(In millions)

<u>Description</u>	<u>Balance at Beginning of Period</u>	<u>Charged to Costs and Expenses</u>	<u>Charged to Other Accounts</u>	<u>Deductions</u>	<u>Balance at End of Period</u>
2000					
Allowance for doubtful accounts	\$33	\$ 92	\$(1)	\$(13) ^(a)	\$111
Allowance for price risk management activities	39	157	—	(3) ^(b)	193
Valuation allowance on deferred tax assets	6	—	—	(3)	3
1999					
Allowance for doubtful accounts	\$32	\$ 10	\$(2)	\$ (7) ^(a)	\$ 33
Allowance for price risk management activities	28	21	—	(10) ^(b)	39
Valuation allowance on deferred tax assets	5	—	1	—	6
1998					
Allowance for doubtful accounts	\$52	\$ —	\$ 6	\$(26) ^(a)	\$ 32
Allowance for price risk management activities	25	23	—	(20) ^(b)	28
Valuation allowance on deferred tax assets	19	—	4	(18) ^(c)	5

^(a) Primarily accounts written off.

^(b) Primarily liquidation of positions on which allowance was established.

^(c) \$11 million of this deduction was credited to additional paid-in capital for the utilization of Zilkha Energy Company's net operating loss (NOL) carryforward and \$7 million was credited to deferred tax assets for a waiver of Gulf States Gas Pipeline Company's NOL carryforward.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information under the captions "Proposal No. 1 — Election of Directors" and "Section 16(a) Beneficial Ownership Reporting Compliance" in our proxy statement for the 2001 Annual Meeting of Stockholders is incorporated herein by reference. Information regarding our executive officers is presented in Item 1, Business, of this Form 10-K under the caption "Executive Officers of the Registrant."

ITEM 11. EXECUTIVE COMPENSATION

Information appearing under the caption "Executive Compensation" in our proxy statement for the 2001 Annual Meeting of Stockholders is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF MANAGEMENT

Information appearing under the caption "Security Ownership of Certain Beneficial Owners and Management" in our proxy statement for the 2001 Annual Meeting of Stockholders is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

None.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) The following documents are filed as a part of this report:

1. Financial statements.

Our consolidated financial statements are included in Part II, Item 8 of this report:

	<u>Page</u>
Consolidated Statements of Income	40
Consolidated Balance Sheets	41
Consolidated Statements of Cash Flows	42
Consolidated Statements of Stockholders' Equity	43
Notes to Consolidated Financial Statements	44
Report of Independent Accountants	82

2. Financial statement schedules and supplementary information required to be submitted.

Schedule II — Valuation and qualifying accounts	83
Schedules other than that listed above are omitted because they are not applicable.	

3. Exhibit list..... 86

(b) Reports on Form 8-K:

- We filed a current report on Form 8-K, dated October 18, 2000 filing exhibits in connection with an offering of medium term notes pursuant to a Registration Statement on Form S-3.
- We filed a current report on Form 8-K, dated December 6, 2000, updating pro forma financial statements relating to the proposed merger with The Coastal Corporation.
- We filed a current report on Form 8-K, dated December 8, 2000, filing exhibits in connection with an offering of medium term notes pursuant to a Registration Statement on Form S-3.
- We filed a current report on Form 8-K, dated December 19, 2000, filing exhibits in connection with an offering of medium term notes pursuant to a Registration Statement on Form S-3.
- We filed a current report on Form 8-K, dated January 3, 2001, announcing the completion of our acquisition of PG&E's Texas Midstream operations.
- We filed a current report on Form 8-K, dated January 29, 2001, announcing the completion of our merger with The Coastal Corporation.
- We filed a current report on Form 8-K, dated February 5, 2001, announcing the completion of our merger with The Coastal Corporation and the exchange and issuance of shares of El Paso.
- We filed a current report on Form 8-K, dated February 6, 2001, announcing our name change to El Paso Corporation.
- We filed a current report on Form 8-K, dated February 14, 2001, announcing several events including the opening of a New European Trading floor, the Purchase of Texas Midstream Operations, Recent Developments on California, the Approval of a Dividend Increase, the Announcement of Record Earnings, the Completion of Post Merger Restructuring, and our 2001 Analysts Meetings.
- We filed a current report on Form 8-K/A, dated February 21, 2001 announcing information on debt issuances and clarifying items contained in the February 14, 2001 Form 8-K.
- We filed a current report on Form 8-K, dated February 23, 2001 announcing plans to offer a private offering of zero coupon convertible debentures, convertible into El Paso common stock.
- We filed a current report on Form 8-K, dated March 2, 2001, announcing our combined operating results for the first 30 days following our merger with Coastal.

EL PASO CORPORATION

EXHIBIT LIST

December 31, 2000

Each exhibit identified below is filed as a part of this report. Exhibits not incorporated by reference to a prior filing are designated by an asterisk; all exhibits not so designated are incorporated herein by reference to a prior filing as indicated. Exhibits designated with a "+" constitute a management contract or compensatory plan or arrangement required to be filed as an exhibit to this report pursuant to Item 14(c) of Form 10-K.

<u>Exhibit Number</u>	<u>Description</u>
2	— Agreement and Plan of Merger, dated January 17, 2000, by and among El Paso, El Paso Merger Company and The Coastal Corporation (Exhibit 1 to Schedule 13D filed by El Paso on January 26, 2000, File No. 5-55241).
3.A	— Restated Certificate of Incorporation of El Paso as filed with the Delaware Secretary of State on February 7, 2001 (Exhibit 3.A to El Paso's Form 8-K, filed February 14, 2001).
3.B	— Restated By-laws of El Paso (Exhibit 3.B to El Paso's Form 8-K dated February 14, 2001).
4.A	— Amended and Restated Shareholder Rights Agreement, between El Paso and BankBoston, N.A., dated January 20, 1999 (Exhibit 1 to El Paso's Registration Statement on Form 8-A/A Amendment No. 1, filed January 29, 1999, File No. 1-14365).
4.B	— Indenture dated as of May 10, 1999, by and between the Registrant and The Chase Manhattan Bank, as Trustee (Exhibit 4.1 to El Paso Form 8-K dated May 10, 1999, File No. 1-14365).
*4.C	— Fifth Supplemental Indenture dated as of February 28, 2001, by and between El Paso and The Chase Manhattan Bank, as Trustee, including the form of Zero Coupon Convertible Debenture due February 28, 2001.
*4.D	— Form of Purchase Contract Agreement between The Coastal Corporation and The Bank of New York as Purchase Contract Agent and First Supplement to the Purchase Agreement dated as of January 29, 2001 among The Coastal Corporation, El Paso and The Bank of New York, as Purchase Contract Agent.
10.A	— \$2,000,000,000 364-Day Revolving Credit and Competitive Advance Facility Agreement dated August 4, 2000, by and among El Paso, EPNG, TGP, the several banks and other financial institutions from time to time parties to the Agreement, The Chase Manhattan Bank, Citibank N.A. and ABN Amro Bank, N.V. as co-documentation agents for the Lenders and Bank of America, N.A. as syndication agent for the Lenders (Exhibit 10.A to El Paso's 2000 Third Quarter 10-Q).
10.B	— \$1,000,000,000 3-Year Revolving Credit and Competitive Advance Facility Agreement dated August 4, 2000, by and among El Paso, EPNG, TGP, the several banks and other financial institutions from time to time parties to the Agreement, The Chase Manhattan Bank, Citibank N.A., ABN Amro Bank, N.V. as co-documentation agents for the Lenders and Bank of America, N.A. as syndication agent for the Lenders (Exhibit 10.B to El Paso's 2000 Third Quarter 10-Q).
*10.B.1	— \$700,000,000 3-Month Revolving Credit Facility Agreement dated as of December 21, 2000 among El Paso, the several banks and other financial institutions, The Chase Manhattan Bank, as administrative agent for the Lenders and Chase Securities Inc. as lead arranger and book manager.

<u>Exhibit Number</u>	<u>Description</u>
+10.C	— Omnibus Compensation Plan dated January 1, 1992; Amendment No. 1 effective as of April 1, 1998; Amendment No. 2 effective as of August 1, 1998; Amendment No. 3 effective as of December 3, 1998; and Amendment No. 4 effective as of January 20, 1999 (Exhibit 10.C to El Paso's 1998 10-K).
+10.D	— 1995 Incentive Compensation Plan, Amended and Restated effective as of December 3, 1998 (Exhibit 10.D to El Paso's 1998 10-K).
+10.E	— 1995 Compensation Plan for Non-Employee Directors, Amended and Restated effective as of August 1, 1998 (Exhibit 10.H to El Paso's 1998 Third Quarter 10-Q); Amendment No. 1, effective March 9, 1999, (Exhibit 10.E.1 to El Paso's 1999 Second Quarter 10-Q) and Amendment No. 2, effective as of July 16, 1999 (Exhibit 10.E.2 to El Paso's 1999 Second Quarter 10-Q).
+10.F	— Stock Option Plan for Non-Employee Directors, Amended and Restated effective as of January 20, 1999 (Exhibit 10.F to El Paso's 1998 10-K) and Amendment No. 1, effective as of July 16, 1999 (Exhibit 10.F.1 to El Paso's 1999 Second Quarter 10-Q).
+10.G	— 1995 Omnibus Compensation Plan, Amended and Restated effective as of August 1, 1998 (Exhibit 10.J to El Paso's 1998 Third Quarter 10-Q); Amendment No. 1, effective as of December 3, 1998; and Amendment No. 2, effective as of January 20, 1999 (Exhibit 10.G.1 to El Paso's 1998 10-K).
+10.H	— Supplemental Benefits Plan, Amended and Restated effective as of December 3, 1998 (Exhibit 10.H to El Paso's 1998 10-K), and Amendment No. 1 effective as of January 1, 2000 (Exhibit 10.H.1 to El Paso's 2000 Second Quarter 10-Q).
+10.I	— Senior Executive Survivor Benefit Plan, Amended and Restated effective as of August 1, 1998 (Exhibit 10.M to El Paso's 1998 Third Quarter 10-Q).
+10.J	— Deferred Compensation Plan, Amended and Restated effective as of December 3, 1998. (Exhibit 10.J to El Paso's 1998 10-K), and Amendment No. 1 effective as of January 1, 2000 (Exhibit 10.K.1 to El Paso's 2000 Second Quarter 10-Q).
+10.K	— Key Executive Severance Protection Plan, Amended and Restated effective as of August 1, 1998 (Exhibit 10.O to El Paso's 1998 Third Quarter 10-Q).
+10.L	— Director Charitable Award Plan, Amended and Restated effective as of August 1, 1998 (Exhibit 10.P to the El Paso's 1998 Third Quarter 10-Q).
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+10.N	— Domestic Relocation Policy, effective November 1, 1996 (Exhibit 10.Q to EPNG's Form 10-K, filed March 20, 1998, File No. 1-2700).
*+10.O	— Employment Agreement, Amended and Restated effective as of February 1, 2001, between El Paso and William A. Wise.
+10.Q	— Promissory Note dated May 30, 1997, made by William A. Wise to El Paso (Exhibit 10.R to EPNG's Form 10-Q, filed May 15, 1998, File No. 1-2700 ("EPNG's 1998 First Quarter 10-Q")); Amendment to Promissory Note dated November 20, 1997 (Exhibit 10.R to EPNG's 1998 First Quarter 10-Q).
+10.R	— Executive Award Plan of Sonat Inc., amended and restated effective as of July 23, 1998, as amended May 27, 1999 (Exhibit 10.R to El Paso's 1999 Third Quarter 10-Q); Termination of the Executive Award Plan of Sonat Inc. (Exhibit 10.K.1 to El Paso's 2000 Second Quarter 10-Q).

<u>Exhibit Number</u>	<u>Description</u>
+10.S	— Letter Agreement dated February 22, 1991, between EPNG and Britton White Jr. (Exhibit 10.V to the El Paso's 1998 Third Quarter 10-Q).
+10.T	— El Paso Employee Stock Purchase Plan, effective as of January 20, 1999 (Exhibit 10.1 to El Paso's Form S-8, filed May 20, 1999, File No. 333-78949); Amendment No. 1, effective as of May 24, 1999.
*+10.T.1	— Amendment No. 2 to the El Paso Employee Stock Purchase Plan effective as of October 1, 1999; Amendment No. 3 to the Employee Stock Purchase Plan effective as of March 14, 2000 and Amendment No. 4 to the Employee Stock Purchase Plan effective as of January 1, 2001.
+10.U	— Omnibus Plan for Management Employees Amended and Restated effective as of December 3, 1999 (Exhibit 10.1 to El Paso's Form S-8 filed January 14, 2000, File No. 333-94719) and Amendment No. 1 effective as of December 1, 2000 (Exhibit 10.1 to El Paso's Form S-8 filed December 18, 2000).
+10.V	— 1999 Omnibus Incentive Compensation Plan, dated January 20, 1999 (Exhibit 10.1 to El Paso's Form S-8 filed May 20, 1999).
*+10.W	— Employment Letter dated June 16, 1999, between El Paso and Ralph Eads.
*+10.X	— Termination and Consulting Agreement dated October 25, 1999, between El Paso and Ronald L. Kuehn Jr.
*10.Y	— Form of Stock Pledge Agreement, dated February 1, 2001, by and between El Paso and the named executives therein; and Form of Promissory Note dated February 1, 2001, in favor of El Paso by named executives therein; and listing of certain executive participants.
*+10.Z	— Professional Services Agreement dated January 16, 2001 by and between El Paso and David A. Arledge.
*21	— Subsidiaries of El Paso.
*23	— Consent of Independent Accountants.

Undertaking

We hereby undertake, pursuant to Regulation S-K, Item 601(b), paragraph (4)(iii), to furnish to the Securities and Exchange Commission upon request all constituent instruments defining the rights of holders of our long-term debt and our consolidated subsidiaries not filed herewith for the reason that the total amount of securities authorized under any of such instruments does not exceed 10 percent of our total consolidated assets.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, El Paso Corporation has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on the 21st day of March 2001.

EL PASO CORPORATION
Registrant

By /s/ WILLIAM A. WISE

William A. Wise
*Chairman of the Board,
President and Chief Executive Officer*

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of El Paso Corporation and in the capacities and on the dates indicated:

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ WILLIAM A. WISE</u> (William A. Wise)	Chairman of the Board, President, Chief Executive Officer and Director	March 21, 2001
<u>/s/ H. BRENT AUSTIN</u> (H. Brent Austin)	Executive Vice President and Chief Financial Officer	March 21, 2001
<u>/s/ JEFFREY I. BEASON</u> (Jeffrey I. Beason)	Senior Vice President and Controller (Chief Accounting Officer)	March 21, 2001
<u>/s/ BYRON ALLUMBAUGH</u> (Byron Allumbaugh)	Director	March 21, 2001
<u>/s/ DAVID A. ARLEDGE</u> (David A. Arledge)	Director	March 21, 2001
<u>/s/ JOHN M. BISSELL</u> (John M. Bissell)	Director	March 21, 2001
<u>/s/ JUAN CARLOS BRANIFF</u> (Juan Carlos Braniff)	Director	March 21, 2001
<u>/s/ JAMES F. GIBBONS</u> (James F. Gibbons)	Director	March 21, 2001
<u>/s/ ANTHONY W. HALL JR.</u> (Anthony W. Hall Jr.)	Director	March 21, 2001
<u>/s/ RONALD L. KUEHN, JR.</u> (Ronald L. Kuehn, Jr.)	Director	March 21, 2001

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ J. CARLETON MACNEIL JR.</u> (J. Carleton MacNeil Jr.)	Director	March 21, 2001
<u>/s/ THOMAS R. MCDADE</u> (Thomas R. McDade)	Director	March 21, 2001
<u>/s/ MALCOLM WALLOP</u> (Malcolm Wallop)	Director	March 21, 2001
<u>/s/ JOE B. WYATT</u> (Joe B. Wyatt)	Director	March 21, 2001

EXHIBIT INDEX

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+10.U	— Omnibus Plan for Management Employees Amended and Restated effective as of December 3, 1999 (Exhibit 10.1 to El Paso's Form S-8 filed January 14, 2000, File No. 333-94719) and Amendment No. 1 effective as of December 1, 2000 (Exhibit 10.1 to El Paso's Form S-8 filed December 18, 2000).
+10.V	— 1999 Omnibus Incentive Compensation Plan, dated January 20, 1999 (Exhibit 10.1 to El Paso's Form S-8 filed May 20, 1999).
*+10.W	— Employment Letter dated June 16, 1999, between El Paso and Ralph Eads.
*+10.X	— Termination and Consulting Agreement dated October 25, 1999, between El Paso and Ronald L. Kuehn Jr.
*10.Y	— Form of Stock Pledge Agreement, dated February 1, 2001, by and between El Paso and the named executives therein; and Form of Promissory Note dated February 1, 2001, in favor of El Paso by named executives therein; and listing of certain executive participants.
*+10.Z	— Professional Services Agreement dated January 16, 2001 by and between EL Paso and David A. Arledge.
*21	— Subsidiaries of El Paso.
*23	— Consent of Independent Accountants.